

**EIGHTY-FOURTH GENERAL ASSEMBLY
2011 REGULAR SESSION
DAILY
HOUSE CLIP SHEET**

FEBRUARY 16, 2011

HOUSE FILE 194

H-1083

1 Amend House File 194 as follows:
2 1. Page 1, by striking line 27 and inserting
3 <dollars but not exceeding two hundred fifty thousand
4 dollars, eight seven and ninety-eight eighteen
5 hundredths>
6 2. Page 1, before line 29 by inserting:
7 <Sec. _____. Section 422.5, subsection 1, Code 2011,
8 is amended by adding the following new paragraph:
9 NEW PARAGRAPH. 0j. On all taxable income exceeding
10 two hundred fifty thousand dollars, eight and
11 fifty-three hundredths percent.>
12 3. Title page, by striking line 1 and inserting <An
13 Act relating to the individual income>
14 4. By renumbering as necessary.
By JACOBY of Johnson KRESSIG of Black Hawk
GASKILL of Wapello OLDSOON of Polk
KAJTAZOVIC of Black Hawk PETERSEN of Polk
H-1083 FILED FEBRUARY 15, 2011

HOUSE FILE 194

H-1084

1 Amend House File 194 as follows:
2 1. Page 1, before line 1 by inserting:
3 <Section 1. Section 298.14, Code 2011, is amended
4 to read as follows:
5 298.14 School district income surtaxes.
6 1. a. For each fiscal year, the cumulative total
7 of the percents of surtax approved by the board of
8 directors of a school district and collected by the
9 department of revenue under sections 257.21, 257.29,
10 and 298.2, and the enrichment surtax under section
11 442.15, Code 1989, and an income surtax collected by
12 a political subdivision under chapter 422D, shall not
13 exceed twenty percent.
14 b. (1) Notwithstanding paragraph "a", a board
15 of directors of a school district shall impose, and
16 the department of revenue shall collect, an enhanced
17 cumulative income surtax amount pursuant to this
18 paragraph "b".
19 (2) The enhanced cumulative income surtax shall be
20 in the following amounts for the following years:
21 (a) For 2012, for each surtax specified in
22 paragraph "a" that is imposed in 2011 and is still
23 imposed in 2012, the amount shall be one hundred
24 twenty-five percent of the amount generated by each
25 surtax imposed by the school district in 2011.
26 (b) For 2013, for each surtax specified in
27 paragraph "a" that is imposed in 2011 and is still
28 imposed in 2013, the amount shall be one hundred
29 fifteen percent of the amount generated by each surtax
30 imposed by the school district in 2011.
31 (c) For 2014, for each surtax specified in
32 paragraph "a" that is imposed in 2011 and is still
33 imposed in 2014, the amount shall be one hundred ten
34 percent of the amount generated by each surtax imposed
35 by the school district in 2011.
36 (d) For 2015, for each surtax specified in
37 paragraph "a" that is imposed in 2011 and is still
38 imposed in 2015, the amount shall be one hundred five
39 percent of the amount generated by each surtax imposed
40 by the school district in 2011.
41 (e) For 2016, for each surtax specified in
42 paragraph "a" that is imposed in 2011 and is still
43 imposed in 2016, the amount shall be the amount
44 generated by each surtax imposed by the school district
45 in 2011.
46 (3) This paragraph "b" is repealed on June 30,
47 2016.
48 2. A school district income surtax fund is created
49 in the office of treasurer of state. Income surtaxes
50 collected by the department of revenue under sections

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Page 2

1 257.21, 257.29, and 298.2 and section 442.15, Code
2 1989, shall be deposited in the school district income
3 surtax fund to the credit of each school district. A
4 separate accounting of each surtax, by school district,
5 shall be maintained.
6 3. The director of the department of administrative
7 services shall draw warrants in payment of the surtaxes
8 collected in each school district. Warrants shall be
9 payable in two installments to be paid on approximately
10 the first day of December and the first day of
11 February following collection of the taxes and shall be
12 delivered to the respective school districts.>

By HELLAND of Polk

H-1084 FILED FEBRUARY 15, 2011

HOUSE FILE 260

H-1081

1 Amend House File 260 as follows:

2 1. By striking everything after the enacting clause
3 and inserting:

4 <Section 1. NEW SECTION. 274.3 Exercise of powers
5 ---- construction.

6 1. The board of directors of a school district
7 shall operate, control, and supervise all public
8 schools located within its district boundaries and may
9 exercise any broad and implied power related to the
10 operation, control, and supervision of those public
11 schools except as expressly prohibited or prescribed by
12 the Constitution of the State of Iowa or by statute.

13 2. Notwithstanding subsection 1, the board of
14 directors of a school district shall not have power to
15 levy any tax unless expressly authorized by the general
16 assembly.

17 3. This chapter, chapter 257 and chapters 275
18 through 301, and other statutes relating to the
19 boards of directors of school districts and to school
20 districts shall be liberally construed to effectuate
21 the purposes of subsection 1.>

22 2. Title page, by striking lines 1 and 2 and
23 inserting <An Act relating to the exercise, by school
24 districts, of any broad and implied powers except as
25 expressly prohibited or prescribed by the Constitution
26 of the State of Iowa or by statute, and to the
27 construction of statutes related to school district
28 boards and school districts.>

By FORRISTALL of Pottawattamie

H-1081 FILED FEBRUARY 15, 2011

HOUSE FILE 260

H-1082

1 Amend the amendment, H-1081, to House File 260 as
2 follows:
3 1. Page 1, after line 16 by inserting:
4 <____. This section shall not apply to a research
5 and development school as defined in section 256G.2 or
6 to a laboratory school as defined in section 265.1.
7 The board of directors of a school district in which
8 such a research and development school or laboratory
9 school is located shall not exercise over such a school
10 any powers granted to the board by subsection 1.>
11 2. Page 1, line 28, after <districts> by inserting
12 <, and providing an exception>

By HAGENOW of Polk

H-1082 FILED FEBRUARY 15, 2011



Fiscal Note

Fiscal Services Division



HF 141 – Military Active Duty Income Tax Exemption (LSB 1110YH)
Analyst: Jeff Robinson (Phone: 515-281-4614) (jeff.robinson@legis.state.ia.us)
Fiscal Note Version – New

Description

House File 141 exempts from Iowa income tax all income earned as active duty pay while a member of the U.S. armed forces, the armed forces military reserve, or the National Guard. The exemption is retroactive to January 1, 2011.

Background

Iowa currently exempts active duty pay from the State income tax in specified combat-related instances.

Assumptions

According to data collected by the Department of Revenue through the Defense Manpower Data Center, the current number of active duty personnel claiming Iowa as their residence is 9,300, and 14.6% of that number is currently serving in Iraq or other combat areas. The active duty pay of those currently serving in Iraq or other combat zones is assumed to already be tax exempt under current law.

The Department of Revenue applied the tax exemption impact, by rank and by salary, to the 7,500 assumed active duty military personnel impacted by the proposed exemption. The number of personnel is assumed constant while active duty pay is assumed to increase each year.

Iowa's local option income surtax for schools is based on Iowa income taxes owed, prior to refundable tax credits. Statewide, the surtax equals approximately 3.0% of State income taxes owed. Exempting active duty pay will also reduce the income surtax for schools owed by the impacted taxpayers.

Fiscal Impact

The tax rate reduction contained in **House File 141** is projected to decrease the income tax paid by Iowa taxpayers by the following amounts:

Reduction in Iowa Income Taxes Owed In Millions of Dollars		
Year	Tax Year	Fiscal Year
2011	\$ 8.7	\$ 0.8
2012	\$ 9.2	\$ 11.2
2013	\$ 10.0	\$ 9.5
2014	\$ 10.5	\$ 10.2
2015	\$ 10.6	\$ 10.5

All individual income tax revenue is deposited in the State General Fund.

In addition, the total tax liability for the Iowa income tax surcharge for schools will decrease approximately \$0.3 million each year.

Sources

Department of Revenue
Defense Manpower Data Center

/s/ Holly M. Lyons

February 15, 2011

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to Code [Section 2.56](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

Fiscal Note

Fiscal Services Division



HF 134 – Enterprise Zone Penalty & Interest (LSB 1683YH)

Analyst: Jeff Robinson (Phone: 515-281-4614) (jeff.robinson@legis.state.ia.us)

Fiscal Note Version – New

Description

House File 134 amends Iowa Code Section 15E.196(3) and eliminates the ability of the Department of Revenue to impose penalties and interest when recovering tax credits and tax incentives under the Enterprise Zone Program. State law currently requires recovery of tax incentives when Enterprise Zone projects do not meet specified performance goals as agreed to by the Department of Economic Development and the project developers. The change is retroactive to January 1, 2006.

Background

The prohibition in **House File 134** against imposing penalties and interest applies only to the Enterprise Zone Program and only to tax credits and other tax incentives awarded under that program.

Two large Enterprise Zone projects initiated by limited liability companies (LLCs) failed to meet performance agreement thresholds and were found in default. The Department of Revenue has initiated action to recover the value of tax incentives awarded and redeemed by members of the LLCs. The Department is waiving penalties in those two instances. Interest is being billed and collected.

Assumptions

- To date, the Department has received \$275,000 in interest payments from taxpayers repaying the value of the redeemed tax incentives.
- The Department expects another \$75,000 of interest to be received, resulting in a total of \$350,000.
- If **House File 134** is enacted, repayment of the interest to the taxpayer will occur in FY 2012.
- The interest and penalty prohibition will apply to any future default occurrence under the Enterprise Zone Program.

Fiscal Impact

The penalty and interest prohibition contained in **House File 134** will reduce net FY 2012 General Fund revenue by an estimated \$350,000. Potential reductions could also occur in future fiscal years if additional Enterprise Zone projects fail to meet performance thresholds under that Program.

Source

Department of Revenue

/s/ Holly M. Lyons

February 15, 2011

The fiscal note for this bill was prepared pursuant to **Joint Rule 17** and the correctional and minority impact statements were prepared pursuant to Iowa Code **Section 2.56**. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
